

Message Text

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TAGS: BEXP,ETRD,IZ

SUBJECT: ARAB BOYCOTT: AMATEK/IRAQI OIL REFINERIES
ADMINISTRATION DIFFERENCE OVER USE OF BOYCOTT CLAUSES

REF: (A) BAGHDAD 1807, (B) STATE 302889, (C) STATE
284765

1. DEPTOFF HAS HAD FOLLOW-UP DISCUSSIONS WITH AMATEK
OFFICIALS CONCERNING POSSIBILITY THAT SPARES WHICH ORA PRO-
POSES TO PURCHASE FROM AMATEK COULD BE SOLD ON TERMS WHICH
ARE CONSISTENT WITH U.S. ANTI-BOYCOTT POLICY AND WITH
AMATEK'S NORMAL EXPORT PROCEDURES WHILE AT SAME TIME MEETING
ANY REASONABLE IRAQI CONCERNS OF NON-BOYCOTT NATURE.

2. FOR AMATEK, SALE OF SPARES FOR DAURA REFINERY INVOLVES
SMALL AMOUNT OF POTENTIAL REVENUE WEIGHED AGAINST COMPLICA-
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TIONS WHICH COMPANY WOULD FACE IN TRYING TO PERSUADE ORA TO
DROP BOYCOTT LANGUAGE. AMATEK IN ITS GENERAL OPERATIONS HAS
LITTLE BUSINESS WITH EXPORTS TO ARAB COUNTRIES SO IT HAS
LITTLE INCENTIVE TO BECOME EMBROILED IN OVERALL U.S. EFFORT
TO ENCOURAGE CERTAIN ARAB COUNTRIES TO CEASE REQUIRING
BOYCOTT CERTIFICATIONS BY U.S. FIRMS.

3. NEVERTHELESS, AMATEK OFFICIALS AGREED TO LOOK INTO POSSIBILITY OF MAKING SALE AND SHIPMENT ON BASIS OF DOCUMENTATION WHICH, WHILE FREE OF ANY BOYCOTT LANGUAGE, WOULD AGREE TO REASONABLE PRECAUTIONS AGAINST CONFISCATION (I.E. NOT SHIPPED ON ISRAELI VESSELS OR VIA ISRAELI PORTS). AMATEK OFFICIALS ALSO AGREED TO CONSIDER WHETHER IT COULD CITE AS PART OF SALES AGREEMENT THE NAME OF SHIPPING FIRM WHICH NORMALLY WOULD ARRANGE DELIVERY.

4. AMATEK CLOSED FOR HOLIDAYS WITHOUT PROVIDING RESPONSE. GIVEN LACK OF PRIORITY IN TERMS AMATEK'S INTERESTS AND ABSENCE OF ANY FOLLOW-UP BY ORA SINCE LAST SPRING, WE CAN NOT PREDICT EITHER TIMING OR OUTCOME OF COMPANY'S RESPONSE TO OUR REQUEST. WILL ADVISE WHEN RESPONSE OBTAINED.

5. RESOLVING IMPASSE WOULD BE FACILITATED BY DIRECT APPROACH BY ORA TO AMATEK, DROPPING REQUIREMENT FOR ANY INVOLVEMENT BY AMATEK WITH BOYCOTT OR BOYCOTT-RELATED CONDITIONS IN CONNECTION WITH SALE AND DELIVERY. ALSO, AS INDICATED REF B, AMATEK IS PREPARED COMPLETE TRANSACTION ON EITHER F.O.B. OR F.A.S. BASIS WITH ORA ARRANGING FOR SHIPPING/INSURANCE.
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